

Finance Report, Financial Year 2017/18

October 2017

Executive Summary

The remainder of the financial year will require close financial management to make sure significant areas of work can be delivered. It should be noted that there are some key areas of uncertainty on budget cover, income and costs.

On budget cover, we are awaiting a decision from DCMS for approval of an additional £400k of budget (£300k revenue, £100k capital) to cover Kings Court costs (£150k) and additional grant claims. This decision was due in October and has yet to be agreed. We are also awaiting approval of the ICO's budget for NIS, which would include £100k budget cover for set up costs in this financial year such as accommodation, staff and travel. In both these areas we are reliant on DCMS decisions. It is important to note that we will fund these additional items out of our cash reserves rather than this year's income or advances from DCMS.

On income, DCMS are considering up to £150k additional funding (and associated budget cover) for communications and guidance production. A decision is expected by the end of November. In addition, we are closely tracking fee income and registrations to ensure there is no drop off and that we are tracking our revised fee income. Year to date, fee income is now tracking at more than 7% above last year, compared to the 6% estimated in the latest budget.

On costs, the key area of uncertainty is on the outstanding change programme budget which now stands at £505k. This budget is being split between recruitment to vacancies (£305), outsourcing guidance production (£150k) and commercial legal support (£50k). We will be monitoring spend against this budget closely, in particular in relation to how successful we are in external recruitment campaigns. We will also need to budget for any additional costs in relation to secondments.

Future funding

Work is ongoing on developing the new funding model for data protection fees, alongside the business case for increased payroll costs in 2018/9 in response to recruitment and retention issues. The Statutory Instrument required to introduce the new funding model is expected to be laid before Parliament in January, with implementation of the model planned for May 2018. Discussions are ongoing with DCMS to make there is sufficient time

for implementation and communication of the new regime and that a robust penalty scheme is in place for non-payment.

Other issues

A review of our FOI apportionment model has been undertaken in line with changes to departments and the proportion of GDPR work being undertaken. This will be reviewed by NAO as part of their audit work.

We are in the final stages of negotiating our funding bid with Cabinet Office to undertake new work relating to the Directive on Security of Network and Information Systems (NIS Directive). Work on this area is expected to begin in before the new calendar year and to be formally funded from financial year 2018/19 onwards.

Spend under/ (over) variance tolerance of 10%: *Overall, no material variance found or expected.*

Budget	% Variance	Comments
Training & Recruitment	10.2%	As previously reported, this underspend is due to less recruitment costs than expected at this point of the year, savings have been made on group recruitment campaigns. Expected to be utilised later in the year. Reduced from >11% in prior month
Communications	11.6%	The bulk of this underspend has come from one off ad hoc costs that we have not incurred yet such as surveys, ICON development and staff events. This expenditure is expected later in the year.
Financial costs	35.3%	Internal audit work has started later than planned, which has pushed billable milestones back, hence the underspend. Full costs expected later in the year. Reduced from >40% from prior month
Travel	-11.9%	Travel costs are over budget due to additional costs than originally planned at this point of the year including a delegation to Hong Kong and Paris – this is expected to come in within budget.
Legal & Professional	34.4%	Legal costs are expected to fluctuate to budget because of the ad hoc nature of cases. A significant budget has also been allocated to outsource specific commercial work, none of which has been billed as yet. Expected to spend to budget.

Financial Overview as at 31 October

Cash Flow

The cash flow remains consistently robust with reserves available in the event of a reduced income or additional work required over forecasted income.

DP Income

Month	Budget *	Actual	Variance	%
April	1,558	1,458	(99)	(6%)
May	1,560	1,731	171	11%
June	1,655	1,698	43	3%
July	1,730	1,644	(86)	(5%)
August	1,518	1,645	127	8%
September	1,968	1,829	(139)	(7%)
October	1,863	1,973	110	6%
Subtotal	11,852	11,979	127	1%
November	1,763			
December	1,253			
January	2,080			
February	1,857			
March	1,969			
£ Year	*20,755			

*Budget reflects an uplift of 6% from the previous year.

The number of registrations has steadily increased from April 2017, showing an increase of 19,231 or 4.1% by the end of October. If this level of growth continues, we would expect fees to be up to 7% ahead of the previous year against a budget of +6%. No drop off has yet been recorded in the run up to GDPR going live.

Month End Financial Summary

MANAGEMENT REPORT

For the Seven Months Ending 31
October 2017

	Year To Date				Full Year	Prior Year
	Budget £	Actual £	Var £	Var %	Forecast £	2016/17 £
GRANT IN AID	2,187,500	2,187,500	0	-	3,795,000	3,790,000
DP FEE INCOME	11,831,866	11,978,920	-147,054	-1.2%	20,754,800	19,729,439
DRIPA INCOME	165,000	165,000	0	-	330,000	330,000
BANK INTEREST	0	-75	75	-	0	75
TOTAL INCOME	14,184,366	14,331,345	146,979	-1.0%	24,879,800	23,849,514
OFFICE COSTS	786,456	753,115	33,341	4.2%	1,407,216	1,523,289
STAFF COSTS	10,232,340	10,206,735	25,605	0.3%	18,000,014	16,029,657
TRAINING AND RECRUITMENT	336,128	301,747	34,381	10.2%	607,600	579,010
IT COSTS	1,588,067	1,616,760	-28,693	-1.8%	2,713,825	2,505,735
PROJECT SPEND	673,560	614,517	59,043	8.8%	534,675	688,500

COMMUNICATIONS	247,545	218,903	28,642	11.6%	388,400	507,460
FINANCIAL COSTS	39,250	25,405	13,845	35.3%	107,500	153,134
TRAVEL	297,173	332,685	-35,512	-11.9%	540,700	526,336
LEGAL, PROFESSIONAL & OTHER	532,632	349,607	183,025	34.4%	1,329,870	595,466
TOTAL COSTS	14,733,151	14,419,474	313,677	2.1%	25,629,800	23,108,587
CAPITAL SPEND	0	266,012	266,012	-	650,000	616,614
OPERATING SURPLUS	-548,785	-88,129	460,656	83.9%	-750,000	740,927
GIA PROGRAMME 1819 ADVANCE	700,000	700,000	0	-	1,400,000	0
SURPLUS	151,215	611,871	460,656	-304.6%	650,000	740,927

*Project spend includes some capital spend which is reviewed quarterly alongside the revenue budget. Capital spend is estimated at 266k to date.

Based on the above summary, we are currently in line with expected forecasts by 1% on income and 2% on expenditure.

Civil Monetary Penalties (CMPs)

Below is the summary of those debts we still consider recoverable from the previous year plus new penalties issued to October 2017.

Gross debts B/fwd from 2016-17	594,600
Issued penalties gross	2,977,829
Issued prompt payment discount	(319,100)
Irrecoverable debts written off	-
Net	3,253,329
Receipts*	1,356,774
Balance	1,896,555

*Of this sum, £10,152 is due to be paid to the consolidated fund in January 2018.

Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 4.0

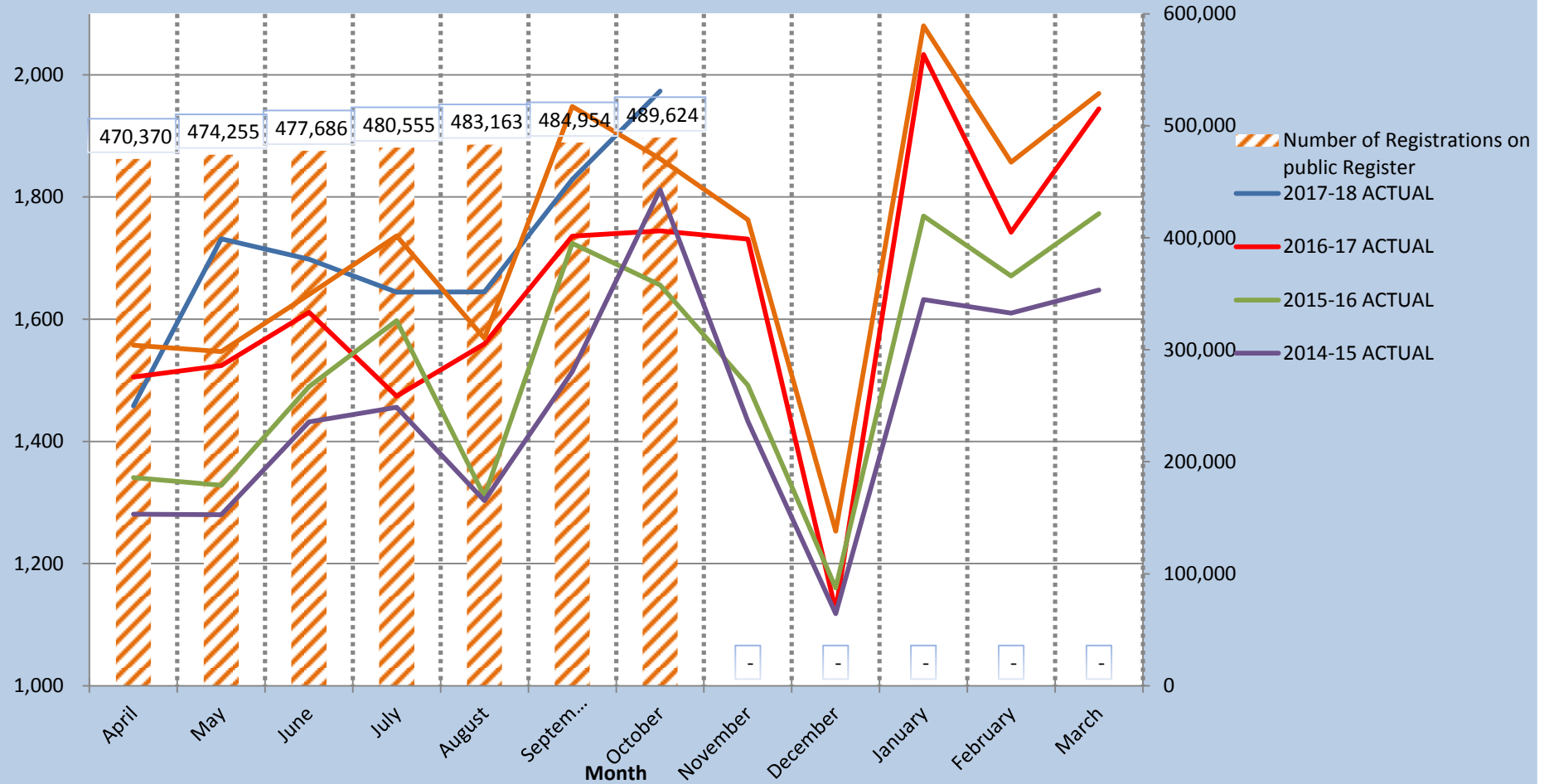
<https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40>

**Heather Dove
November 2017**

Fee Income 2017/18

Fee income (£000)

Registration



INFORMATION COMMISSIONERS OFFICE

For the Twelve Months Ending 31 March 2018

	Actual Apr-16 £ (000)	Actual May-16 £ (000)	Actual Jun-16 £ (000)	Actual Jul-16 £ (000)	Actual Aug-16 £ (000)	Actual Sep-16 £ (000)	Actual Oct-16 £ (000)	Forecast Nov-16 £ (000)	Forecast Dec-16 £ (000)	Forecast Jan-17 £ (000)	Forecast Feb-17 £ (000)	Forecast Mar-17 £ (000)
Cash flows from operating activities												
Net Expenditure												
DP FEE INCOME	-1,458	-1,731	-1,698	-1,644	-1,645	-1,829	-1,973	-1,734	-1,224	-2,051	-1,828	-1,940
DRIPA INCOME	0	0	-83	0	0	-83	0	0	-83	0	0	-83
OFFICE COSTS	113	91	89	107	127	124	101	132	135	137	137	137
STAFF COSTS	1,432	1,413	1,425	1,456	1,469	1,457	1,507	1,672	1,695	1,728	1,736	1,174
TRAINING AND RECRUITMENT	40	49	28	52	33	50	50	59	67	60	62	58
IT COSTS	218	241	178	268	260	178	275	219	219	219	220	219
PROJECT SPEND	143	101	166	76	125	79	-76	108	108	108	108	-542
COMMUNICATIONS	15	14	54	17	18	67	33	34	34	35	34	34
FINANCIAL COSTS	3	3	7	3	0	3	6	10	8	47	9	10
TRAVEL	40	53	44	41	19	72	64	53	16	27	18	94
LEGAL, PROFESSIONAL & OTHER	27	50	31	54	73	32	81	144	143	191	182	164
Net expenditure total	572	285	242	429	481	150	69	698	1,118	500	677	-676
Decrease in trade and other receivables	22	678	-6	233	-36	689	194	7	7	-511	259	-140
Increase in trade payables	513	-913	-71	391	-266	-569	66	-32	-4	324	-172	8
Use of provisions	0	0	0	0	0	0	0	0	0	0	0	0
Net cash outflow from operating activities	1,107	50	165	1,052	180	270	329	673	1,121	314	764	-808
Cash flows from investing activities												
Capital Spend	0	0	0	0	0	0	266	0	0	0	0	384
Profit/Loss on Disposal of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0
Net cash outflow from investing activities	0	0	0	0	0	0	266	0	0	0	0	384
Cash flows from financing activities												
Grant in Aid	-313	-313	-313	-313	-313	-313	-313	-313	-313	-313	-313	-358
Grant in Aid Programme in Advance			-140	-140	-140	-140	-140	-140	-140	-140	-140	-140
Net cash flows from financing activities	-313	-313	-453	-453	-453	-453	-453	-453	-453	-453	-453	-498
Net increase/(decrease) in cash and cash equivalents in the year												
Net increase/(decrease) in cash	794	-262	-288	600	-273	-182	143	220	669	-139	311	-921
Cash & equivalents- start of period	3,630	2,836	3,098	3,386	2,786	3,059	3,241	3,098	2,878	2,210	2,349	2,037
Cash & equivalents- end of period	2,836	3,098	3,386	2,786	3,059	3,241	3,098	2,878	2,210	2,349	2,037	2,959

MANAGEMENT REPORT

For the Seven Months Ending 31 October 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
GRANT IN AID	2,187,500	2,187,500	0	-	3,795,000	3,790,000
DP FEE INCOME	11,831,866	11,978,920	-147,054	(1.2%)	20,754,800	19,729,439
DRIPA INCOME	165,000	165,000	0	-	330,000	330,000
BANK INTEREST	0	-75	75	-	0	75
TOTAL INCOME	14,184,366	14,331,345	-146,979	(1.0%)	24,879,800	23,849,514
RENT	266,583	266,074	509	0.2%	488,500	646,378
RATES & BUILDING INSURANCE	163,207	163,060	147	0.1%	286,541	235,770
SERVICE CHARGES	27,633	23,348	4,285	15.5%	58,800	33,624
CAR PARKING	7,800	7,837	-37	(0.5%)	13,800	54,104
HEAT & LIGHT	54,601	61,130	-6,529	(12.0%)	107,000	102,670
WATER	11,677	8,963	2,714	23.2%	22,875	17,067
CLEANING	43,312	47,033	-3,721	(8.6%)	74,100	88,463
SECURITY	34,416	31,063	3,353	9.7%	59,000	52,462
WASTE	2,333	2,735	-402	(17.2%)	4,000	5,797
REPAIRS & MAINTENANCE	37,500	39,134	-1,634	(4.4%)	75,500	49,277
MOTOR COSTS	0	0	0	-	0	-151
KITCHEN	22,229	19,791	2,438	11.0%	38,000	32,524
REMOVALS	0	379	-379	-	0	0
FURNITURE	27,500	2,927	24,573	89.4%	60,000	46,407
GENERAL EQUIPMENT	5,831	1,683	4,148	71.1%	10,000	8,191
STATIONERY	39,500	40,048	-548	(1.4%)	67,100	46,178
POSTAGE	35,650	31,545	4,105	11.5%	61,000	55,840
DOCUMENT DESTRUCTION	4,834	3,357	1,477	30.6%	8,000	5,768
OTHER	1,850	3,008	-1,158	(62.6%)	3,000	84,449
OFFICE COSTS CAPITALISED	0	0	0	-	-30,000	-41,529
TOTAL OFFICE COSTS	786,456	753,115	33,341	4.2%	1,407,216	1,523,289

MANAGEMENT REPORT

For the Seven Months Ending 31 October 2017

	Year To Date				Full Year	Prior Year
	Budget £	Actual £	Variance £	Var % %	Forecast £	2016/17 £
SALARIES	7,798,136	7,473,311	324,825	4.2%	13,758,730	12,062,267
OVERTIME	93,981	73,215	20,766	22.1%	152,291	110,106
PENSION	1,531,149	1,531,152	-3	(0.0%)	2,654,569	2,452,706
NATIONAL INSURANCE	727,320	727,320	0	(0.0%)	1,267,132	1,150,172
AGENCY STAFF	0	324,823	-324,823	-	0	291,489
INWARD SECONDMENT	50,667	47,729	2,938	5.8%	114,000	0
SALARIES INCOME	0	0	0	-	0	-68,616
PENSION INCOME	0	0	0	-	0	-14,582
NATIONAL INSURANCE INCOME	0	0	0	-	0	-7,829
NON EXEC BOARD MEMBER	31,087	29,185	1,902	6.1%	53,292	53,944
TOTAL STAFF COSTS	10,232,340	10,206,735	25,605	0.3%	18,000,014	16,029,657
RECRUITMENT	92,915	90,910	2,005	2.2%	182,850	166,022
RELOCATION EXPENSES	4,750	4,459	291	6.1%	4,750	41,575
HEALTH & SAFETY	28,463	27,907	556	2.0%	60,000	46,860
APPRENTICESHIP LEVY	35,000	29,311	5,689	16.3%	60,000	0
FURTHER EDUCATION	3,500	744	2,757	78.8%	6,000	7,478
ALL STAFF SKILLS DEVELOPMENT	120,000	109,873	10,127	8.4%	170,000	302,965
SEMINARS AND CONFERENCES	27,000	6,508	20,492	75.9%	82,000	0
MANAGEMENT DEVELOPMENT	10,500	20,441	-9,941	(94.7%)	18,000	14,111
CSL E LEARNING	1,000	42	958	95.8%	3,500	0
CSL WORKSHOPS	1,000	0	1,000	100.0%	3,500	0
PROFESSIONAL QUALIFICATIONS	11,000	11,553	-553	(5.0%)	13,500	0
INFORMATION TECHNOLOGY	1,000	0	1,000	100.0%	3,500	0
TOTAL TRAINING AND RECRUITMENT	336,128	301,747	34,381	10.2%	607,600	579,010

MANAGEMENT REPORT

For the Seven Months Ending 31 October 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
HOSTING, WEB AND TELEPHONY	417,855	442,439	-24,584	(5.9%)	716,322	704,277
APP & DESKTOP SUPPORT	396,669	395,206	1,463	0.4%	680,003	679,870
SOFTWARE LICENSING	282,917	304,679	-21,762	(7.7%)	485,000	379,419
SECURITY CONTRACT	29,167	10,517	18,650	63.9%	50,000	54,482
NOTIFICATION PRINTING	139,000	117,502	21,498	15.5%	235,000	222,494
MANAGED PRINT	24,792	20,483	4,309	17.4%	42,500	33,702
CARD PROCESSING CHARGES	76,000	65,642	10,358	13.6%	130,000	103,982
HARDWARE MAINTENANCE	29,167	68,700	-39,533	(135.5%)	50,000	70,975
GOV SECURE INTERNET	72,500	61,092	11,408	15.7%	120,000	0
TELEPHONY CALLS & BROADBAND	120,000	130,500	-10,500	(8.7%)	205,000	256,534
TOTAL IT COSTS	1,588,067	1,616,760	-28,693	(1.8%)	2,713,825	2,505,735
ICE CRM DEVELOPMENT	0	163,004	-163,004	-	0	0
DOCUMENT STORAGE SOLUTION	0	11,340	-11,340	-	0	0
INFRASTRUCTURE	0	371,801	-371,801	-	0	0
HARDWARE & SOFTWARE UPGRADES	0	17,539	-17,539	-	0	0
PRE-PROJECT INVESTIGATIONS	0	11,016	-11,016	-	0	0
OTHER PROJECT WORK	673,560	305,830	367,730	54.6%	1,154,675	1,263,585
PROJECT WORK CAPITALISED	0	-266,012	266,012	-	-620,000	-575,085
TOTAL PROJECT SPEND	673,560	614,517	59,043	8.8%	534,675	688,500
CAMPAIGNS, MEDIA RELATIONS & PR	18,200	22,854	-4,654	(25.6%)	106,200	24,665
MARKETING CONSORTIUM INCOME	0	0	0	-	-75,000	0
MEDIA MONITORING	41,700	23,983	17,717	42.5%	79,200	135,625
DESIGN & PRINT	28,395	25,881	2,514	8.9%	55,000	40,922
DISTRIBUTION	23,333	18,172	5,161	22.1%	40,000	25,774
SURVEYS	33,500	18,420	15,080	45.0%	66,000	26,779
CONFERENCES GENERAL	104,000	125,816	-21,816	(21.0%)	104,000	269,310
CONFERENCE INCOME	-25,000	-36,599	11,599	(46.4%)	-25,000	-48,686
ICON DEVELOPMENT	6,250	0	6,250	100.0%	15,000	0
STAFF EVENTS	10,750	1,788	8,962	83.4%	12,000	19,578
WEB MAINTENANCE	6,417	18,590	-12,173	(189.7%)	11,000	13,493

MANAGEMENT REPORT

For the Seven Months Ending 31 October 2017

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	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
TOTAL COMMUNICATIONS	247,545	218,903	28,642	11.6%	388,400	507,460

MANAGEMENT REPORT

For the Seven Months Ending 31 October 2017

	Year To Date				Full Year	Prior Year
	Budget	Actual	Variance	Var %	Forecast	2016/17
	£	£	£	%	£	£
BANK CHARGES	0	832	-832	-	37,500	47,624
EXTERNAL AUDIT	19,250	16,458	2,792	14.5%	33,000	32,500
INTERNAL AUDIT	20,000	7,675	12,325	61.6%	37,000	69,431
CORPORATION TAX	0	0	0	-	0	17
BAD DEBT WRITE OFF	0	440	-440	-	0	3,562
TOTAL FINANCIAL COSTS	39,250	25,405	13,845	35.3%	107,500	153,134
CAR HIRE	4,923	2,279	2,644	53.7%	9,500	5,251
TRAVEL HOSTING	0	1,437	-1,437	-	0	226
TRAVEL UK	220,414	252,319	-31,905	(14.5%)	408,500	445,577
TRAVEL OVERSEAS	83,203	89,044	-5,841	(7.0%)	139,700	97,136
TRAVEL INCOME - UK	-4,681	-1,260	-3,421	73.1%	-7,000	-6,526
TRAVEL INCOME - OVERSEAS	-6,686	-11,133	4,447	(66.5%)	-10,000	-15,328
TOTAL TRAVEL	297,173	332,685	-35,512	(11.9%)	540,700	526,336
LEGAL	351,410	162,322	189,088	53.8%	835,800	349,017
LEGAL COSTS RECOVERED	-8,358	-6,940	-1,418	17.0%	-25,000	-27,109
LIBRARY & SUBSCRIPTIONS	40,800	35,282	5,518	13.5%	65,900	54,354
PROFESSIONAL MEMBERSHIPS	12,000	16,858	-4,858	(40.5%)	14,250	10,714
RESEARCH	50,000	17,640	32,360	64.7%	165,000	35,634
RESEARCH GRANTS FUND	6,000	6,000	0	-	125,000	0
PROFESSIONAL SERVICES	69,360	120,272	-50,912	(73.4%)	137,500	163,404
STAFF RECOGNITION	11,420	-1,826	13,246	116.0%	11,420	9,452
TOTAL LEGAL, PROFESSIONAL & OTHER	532,632	349,607	183,025	34.4%	1,329,870	595,466

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	Budget £	Actual £	Variance £	Var % %	Forecast £	2016/17 £
TOTAL COSTS	14,733,151	14,419,476	313,675	2.1%	25,629,800	23,108,588
CAPITAL SPEND	0	266,012	-266,012	-	650,000	616,614
OPERATING SURPLUS	-548,785	-354,143	-194,642	35.5%	-1,400,000	124,312
GIA PROGRAMME 1819 ADVANCE	700,000	700,000	0	-	1,400,000	0
SURPLUS	151,215	345,857	-194,642	(128.7%)	0	124,312

FTE Staff Analysis

Permanent Staff Band A	0.0	8.1	(8.1)	0.0	8.1	0.0
Permanent Staff Band B	0.0	31.9	(31.9)	0.0	36.0	0.0
Permanent Staff Band C	0.0	95.1	(95.1)	0.0	127.4	0.0
Permanent Staff Band D	0.0	135.9	(135.9)	0.0	182.0	0.0
Permanent Staff Band E	0.0	105.7	(105.7)	0.0	134.5	0.0
Permanent Staff Band F	0.0	50.8	(50.8)	0.0	65.3	0.0
Permanent Staff Band G	0.0	14.8	(14.8)	0.0	18.8	0.0
Permanent Staff Band H	0.0	5.0	(5.0)	0.0	4.0	0.0
Agency Staff Band B	0.0	1.0	(1.0)	0.0	0.0	0.0
Agency Staff Band C	0.0	11.0	(11.0)	0.0	0.0	0.0
Agency Staff Band D	0.0	1.0	(1.0)	0.0	0.0	0.0
Total FTE staff	0.0	460.2	(460.3)	0.0	576.0	0.0